

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 /021 W  
-----101484 231156Z /11  
R 231111Z MAR 78  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC 5688

C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 02801

E.O. 11652: GDS  
TAGS: EAIR, AU  
SUBJECT: CIVAIR: NEXT STEPS IN AUSTRO-AMERICAN  
CIVAIR RELATIONS

REF: VIENNA 2091 AND PREVIOUS

1. DESPITE DELAY AND CONFUSION SURROUNDING DELIVERY TO DEPARTMENT OF GOA NOTIFICATION OF INTENTION TO TERMINATE 1966 BILATERAL CIVAIR AGREEMENT, WE UNDERSTAND HERE THAT NOTE HAS IN FACT BEEN DELIVERED AND AGREEMENT HAS THUS BEEN FORMALLY DENOUNCED. IT IS CLEAR THAT DIALOGUE WITH GOA ON THIS SUBJECT MUST BE REINSTITUTED AT EARLY DATE, BUT RESOLUTION OF PROBLEM IS NOT LIKELY TO BE ACHIEVED UNLESS WAY CAN BE FOUND AROUND IMPASSE CREATED BY BREAKDOWN OF CONSULTATIONS ON FEBRUARY 17. IN THIS CONNECTION, IT IS WORTH NOTING THAT AUSTRIANS HERE HAVE TOLD US ON SEVERAL OCCASIONS THAT THEY SEE LITTLE TO BE GAINED BY SIMPLY TRYING TO RECONVENE CONSULTATIONS THAT BROKE UP.

2. AS WE READ RECORD OF FEBRUARY CONSULTATIONS, BOTH SIDES PROFESSED WILLINGNESS TO FIND "PRACTICAL SOLUTION" TO DEAL WITH AUSTRIAN DEMAND FOR U.S. RENUNCIATION OF FIFTH FREEDOM RIGHTS: U.S. SIDE  
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SUGGESTED INFORMATION-CONSULTATION PROCEDURE, WHILE AUSTRIAN SIDE (VOGL) PROPOSED AGREED INTERPRETATION OF ARTICLE 11 OF AGREEMENT SO AS TO PRECLUDE FUTURE U.S. INSISTENCE ON FIFTH FREEDOM RIGHTS OVER SECTORS SERVED BY AUA. CONSULTATIONS CAME TO END BEFORE THESE--OR OTHER--IDEAS COULD BE EXPLORED IN DEPTH. ONE UNFORTUNATE CONSEQUENCE IS THAT GOA OFFICIALS HERE

CONTINUE TO EXPRESS TO US THEIR DISAGREEMENT WITH OUR INTERPRETATION OF THE CONSULTATION DEVELOPMENTS AND RESULTS (AS CONVEYED TO THEM PER REFTEL). THEY ALSO CLAIM USDEL "NEVER GAVE THEM A CHANCE" AND PERSISTED MERELY IN TRYING TO "TURN THE CLOCK BACK" TO PRE-1975 PERIOD.

3. BRIGHTER SIDE OF COIN IS FACT THAT GOA IS ANXIOUS FOR PAN AM TO COMMENCE NEW YORK-VIENNA SERVICE, AND HAS URGED CARRIER TO BEGIN OPERATIONS AT EARLIEST POSSIBLE DATE. ON FEBRUARY 28 PAN AM FILED FOR DAILY NEW YORK-VIENNA-WARSZAWA SERVICE AND EXPECTS APPROVAL SOON, WITH ONLY THROUGH AND STOPOVER RIGHTS ON VIENNA-WARSZAWA SECTOR. PAN AM EARLIER THOUGHT IT MIGHT BEGIN APRIL 1; FOR "INTERNAL REASONS" MAY 1 NOW APPEARS TO BE EARLIEST FEASIBLE DATE FOR COMMENCEMENT OF SERVICE. (PAN AM'S VIENNA MANAGER REPORTS "EXCELLENT" BOOKINGS TO DATE.)

4. OUR ANALYSIS OF CIVAIR SITUATION AT PRESENT JUNCTURE LEADS US TO NUMBER OF CONCLUSIONS:

A. AS REGARDS 1966 AGREEMENT, GOA POSSESSES STRATEGIC ADVANTAGE OF BEING CONTENT NOT TO HAVE BILATERAL AT ALL. U.S. WOULD OF COURSE BE LOSER IN THAT EVENT.

B. PROSPECTS FOR NEGOTIATING A NEW AGREEMENT WHICH CONFIDENTIAL

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WOULD EMBODY AUSTRIAN DEMAND FOR FORMAL CONCESSION OF FIFTH FREEDOM RIGHTS ARE--AS WE UNDERSTAND U.S. CIVAIR POLICY--VIRTUALLY NIL.

C. GOA HAS EXPRESSED READINESS TO SEARCH FOR SOLUTION WITHIN FRAMEWORK OF PRESENT AGREEMENT (PARA 5, REFTEL). IN THIS CONNECTION, ARTICLE 17 OF AGREEMENT PROVIDES AMPLY FLEXIBLE BASIS FOR CANCELLATION OF TERMINATION NOTIFICATION.

D. COMMENCEMENT OF PAN AM SERVICE MIGHT PROVIDE CONVENIENT PEG ON WHICH TO HANG SOLUTION WHICH WOULD:  
1) GIVE GOA ASSURANCES IT DEMANDS FOR PROTECTION OF AUA INTRA-EUROPEAN ROUTES, BUT 2) AVOID FORMAL U.S. RENUNCIATION OF FIFTH FREEDOM RIGHTS.

5. WHAT WE HAVE IN MIND IS A JOINTLY-AGREED PIECE OF PAPER--PERHAPS ENTITLED "MEMORANDUM OF UNDERSTANDING"--WHICH WOULD:

A. REFER TO CONSULTATIONS IN WASHINGTON AND VIENNA.

B. EXPRESS AGREEMENT OF BOTH PARTIES AS TO IMPORTANCE OF HIGH AND SUSTAINED LEVEL OF AIR SERVICE BETWEEN U.S. AND AUSTRIA.

C. NOTE THAT GOA STRESSED--AND U.S. EXPRESSED UNDERSTANDING OF--IMPORTANCE GOA ATTACHES TO SAFEGUARDING AUA SERVICE ON ITS REGIONAL ROUTES. NOTE, IN TURN, THAT U.S. STRESSED--AND GOA EXPRESSED APPRECIATION OF--IMPORTANCE U.S. ATTACHES TO ITS GLOBAL CIVAIR POLICY AND PRINCIPLES EMBODIED IN ITS NETWORK OF BILATERAL AGREEMENTS.

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 5689

C O N F I D E N T I A L SECTION 02 OF 02 VIENNA 02801

C O R R E C T E D C O P Y FOR PARA D OMISSION

D. ESTABLISH AN EXCHANGE OF LETTERS AS AGREED METHOD OF INITIATING SPECIFIC CIVAIR SERVICE UNDER 1966 AGREEMENT (SEE PARA 6, BELOW). THIS COULD BE ACCOMPLISHED BY STATEMENT THAT UNDERSTANDINGS SET FORTH IN MEMORANDUM ARE REFLECTED IN "ATTACHED EXCHANGE OF LETTERS" INSTITUTING PAN AM SERVICE AND WILL SIMILARLY BE REFLECTED IN ANY SUBSEQUENT EXCHANGES OF SUCH LETTERS.

E. NOTE THAT BY AGREEMENT BETWEEN THE PARTIES, NOTICE OF TERMINATION IS BEING WITHDRAWN. (ALTERNATIVELY, THIS POINT COULD BE DEALT WITH SEPARATELY BY EXCHANGE OF NOTES BETWEEN AUSTRIAN EMBASSY AND DEPARTMENT.)

6. EXCHANGE OF LETTERS REFERRED TO IN MEMORANDUM OF UNDERSTANDING--PERHAPS BETWEEN SENIOR EMBOFF AND SENIOR MFA OFFICIAL--WOULD BE UTILIZED IN FIRST INSTANCE TO INITIATE PAN AM'S NEW YORK-VIENNA-WARSAW SERVICE, AND WOULD BE REQUIRED THEREAFTER WHENEVER IT WAS DESIRED

TO CHANGE ROUTE, CARRIER OR--PROBABLY--EQUIPMENT. IN  
FIRST EXCHANGE, EMBASSY WOULD REFER TO 1966 AGREEMENT,  
INFORM MINISTRY THAT PAN AM WISHES TO INTRODUCE NEW YORK-  
VIENNA-WARS AW SERVICE ON CERTAIN DATE, AND REQUEST GOA  
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APPROVAL. MFA'S REPLY WOULD APPROVE SERVICE BUT WOULD  
LIMIT PAN AM'S TRAFFIC BETWEEN VIENNA AND WARS AW TO  
THROUGH AND STOPOVER TRAFFIC "AT THIS TIME."

7. MEMORANDUM OF UNDERSTANDING AND INITIAL EXCHANGE  
OF LETTERS COULD BE NEGOTIATED SIMULTANEOUSLY OR,  
ALTERNATIVELY, MEMORANDUM COULD BE CONCLUDED AT LATER  
DATE (I.E., AFTER PAN AM STARTS ITS SERVICE AND THUS  
HAS OPPORTUNITY TO ALLAY SOME OF GOA'S CURRENT  
CONCERNS). THIS APPEARS TO BE TACTICAL QUESTION THAT  
COULD BE LEFT OPEN UNTIL CONVERSATIONS WITH AUSTRIANS  
SUGGEST BEST COURSE TO FOLLOW.

8. IT SEEMS TO US THAT BUILDING-BLOCK SCHEME ALONG  
LINES DESCRIBED ABOVE COULD ESTABLISH A SYSTEM WHICH  
WOULD PROVIDE WHAT BOTH PARTIES WANT, YET PROTECT WHAT  
EACH PERCEIVES IT MUST SAFEGUARD. WE WOULD BE TACITLY  
ACCEPTING LIMITATION TO THROUGH AND STOPOVER TRAFFIC  
ON ANY SECTOR BEING SERVED BY AUA (UNLESS OF COURSE  
THE GOA SHOULD WANT TO GRANT MORE), BUT OUR ACCEPTANCE  
WOULD BE LIMITED TO THAT PARTICULAR SECTOR AND FOR  
A THEORETICALLY LIMITED PERIOD. THERE WOULD BE NO  
"FORMAL OR PERMANENT" RENUNCIATION OF FIFTH FREEDOM  
RIGHTS, AND PROCESS SHOULD BE OPERABLE WITHIN FRAMEWORK  
OF EXISTING AGREEMENT, WHICH WOULD BE OTHERWISE  
UNAFFECTED.

9. SINCE GOA IS HOPEFUL THAT WE WILL TAKE NEXT STEP  
SHORTLY AFTER EASTER--AND SINCE LEAD TIME FOR PAN AM'S  
SERVICE IS GETTING SHORT--WE LOOK FORWARD TO EARLY  
RESPONSE TO PROPOSAL SET FORTH ABOVE. BORG

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014